

Message Text

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ACTION NEA-10

INFO OCT-01 EB-08 ISO-00 SP-02 USIA-06 AID-05 NSC-05
TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 PA-01 PRS-01 IGA-02 /082 W
-----191004Z 005202 /10

R 190830Z APR 77
FM AMEMBASSY COLOMBO
TO SECSTATE WASHDC 7136
INFO AMEMBASSY NEW DELHI

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NEW DELHI FOR FINATT

E.O. 11652: N/A
TAGS: EFIN, ECON, CE

SUBJ: VISIT OF IMF TEAM

REF: COLOMBO 1221

1. APRIL 16 DAILY NEWS REPORTED THE ARRIVAL IN COLOMBO OF A THREE-MAN IMF TEAM HEADED BY DOUGLAS SCOTT. WHEN EMBOFF TRIED TO ARRANGE A MEETING TO ASCERTAIN THE IMF'S VIEWS ON THE MARCH 12 RUPEE REVALUATION AND OTHER RECENT ECONOMIC ACTIONS, SCOTT SAID HE WAS NOT AT LIBERTY TO DISCUSS THE IMF POSITION IN ANY DETAIL. SCOTT FINALLY AGREED TO MEET EMBOFF AT BREAKFAST ON APRIL 19 FOR A GENERAL TALK.

2. MOST OF THE HOUR-LONG CONVERSATION WAS TAKEN UP BY SCOTT QUESTIONING EMBOFF ON THE CURRENT ECONOMIC SITUATION AND DODGING EMBOFF'S QUESTIONS. SCOTT REFUSED TO COMMIT HIMSELF ON THE RUPEE REVALUATION OR ON THE RAPID INCREASE IN IMPORTS OF CONSUMER GOODS. EMBOFF'S IMPRESSION, HOWEVER, IS THAT WHILE SCOTT
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AND THE IMF MISSION DISAPPROVE OF THESE MEASURES, THEY RECOGNIZE THERE IS NOTHING THAT CAN BE DONE TO REVERSE THEM UNTIL AFTER THE ELECTIONS.

3. SCOTT AGREED WITH EMBOFF'S ASSESSMENT THAT FINANCE MINISTER FELIX BANDARANAIKE IS THE DOMINANT GSL POLICY MAKER IN BOTH ECONOMIC AND POLITICAL AREAS. SCOTT INDICATED THAT FINANCE

SECRETARY LAL JAYAWARDENA AND OTHER MINISTRY OFFICIALS HAD A VERY ROUGH TIME DURING THE REVALUATION EXERCISE AND ARE NOW VERY SUBDUED AND MAINLY CONCERNED WITH KEEPING THEIR HEADS DOWN. HE SAID COOPERATION AMONG THE FINANCE MINISTRY, THE CENTRAL BANK, AND THE MINISTRY OF PLANNING AND ECONOMIC AFFAIRS IS WORSE THAN EVER. WHILE EACH OF THESE ORGANIZATIONS HAS SOME TECHNICALLY COMPETENT PEOPLE, SCOTT SAID THEIR EXPERTISE IS LIMITED TO SPECIFIC AREAS SUCH AS BALANCE OF PAYMENTS, AGRICULTURE, AND FINANCE, AND THERE IS VIRTUALLY NO ONE WHO CAN PULL EVERYTHING TOGETHER TO FORMULATE A COHERENT ECONOMIC POLICY.

4. SCOTT SAID THAT IN THIS SITUATION IT IS THE IMF'S RESPONSIBILITY TO ASSIST THE GSL IN MAKING THE NECESSARY LINKAGES AND SUGGESTING POLICY ALTERNATIVES. SCOTT RECOGNIZED THAT THIS IS NOT A GOOD TIME FOR AN IMF MISSION, BUT IT HAPPENED TO FIT HIS TRAVEL SCHEDULE. THE MISSION IS NOT HERE FOR A FULL CONSULTATION, BUT RATHER TO "KEEP IN TOUCH" IN ANTICIPATION OF A COMPLETE REVIEW OF THE ECONOMY SOMETIME NOT TOO LONG AFTER THE ELECTIONS.
REED

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: VISITS, DIPLOMATIC DISCUSSIONS, RUPEE, REVALUATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 19-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977COLOMB01361
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770135-0666
Format: TEL
From: COLOMBO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770444/aaaablsb.tel
Line Count: 83
Litigation Code IDs:
Litigation Codes:
Litigation History:
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Message ID: 88f4b4a2-c288-dd11-92da-001cc4696bcc
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Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
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